

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 L-03 EB-07 FBO-02 COME-00 NEAE-00 /023 W

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P 141445Z JUL 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 5302

LIMITED OFFICIAL USE JIDDA 4898

E.O. 11652: N/A

TAGS: AFSP, ABLD, SA

SUBJECT: COMMERCIAL CENTER - JIDDA

REF: (A) JIDDA 4805, (B) STATE 164783, (C) STATE 166773,
(D) STATE 168678

1. RE REFTEL A. UHI REPS SHEA AND JOHNS MET WITH SHEIKH KHALED SULEYMAN ON JULY 10 WHO ADVISED THAT HE WOULD HAVE HIS ENGINEERS LOOK OVER UHI DRAWINGS. UHI GAVE ROUGH PRICE OF SR 3000 (HIGHER THAN QUOTED TO US) PER SQUARE METER. TENTATIVELY AGREED MEET UHI REPS, WHO HAD TO RETURN RIYADH, ON JULY 12. ON JULY 11, SULEYMAN CALLED TO STATE PRICE WAS TOO HIGH AND REQUESTED THAT UHI REPS NOT COME ON JULY 12 BUT ASKED MEET WITH COMATT THEN. INFO COMMUNICATED TO UHI REPS WHO REDUCED PRICE TO SR 2600 PER SQUARE METER.

2. DURING MEETING OF JULY 12, EMBOFF STATED THAT SULEYMAN LAND OFFER WAS TOO FAR FROM EMBASSY AND MENTIONED DEPARTMENT'S PROPOSAL REFTEL B AS BEST POSSIBLE ALTERNATIVE BUT WE DOUBTED THAT SAG WOULD PAY FOR BUILDING FOR US AND RE-RENT ON LAND ALREADY LEASED.

3. SHEIKH KHALID WAS INFORMED OF UHI PRICE REDUCTION WHICH WAS GIVEN ON BASIS THAT BUILDING WOULD SERVE AS PERMANENT EXHIBIT FOR IT IN JIDDA AND PRESTIGE ASSOCIATED WITH USE BY EMBASSY. HE PROPOSED THAT IF EMBASSY WOULD NOTIFY SAG THAT IT WOULD AGREE TO RELEASE OF PORTION OF LEASE COMPOUND SUFFICIENT FOR COMMERCIAL CENTER -
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APPROXIMATELY 1000 OR 2000 SQ. METERS - FOR SALE TO

PRESENT LANDLORD, I.E., SHEIKH KHALID, HE WOULD BUY THE UHI BUILDING AND LEASE IT TO EMBASSY.

4. WE NOTIFIED UHI REPS AND THEY AGREED TO THIS. HOWEVER, AS PER REFTEL C, WE ADVISED THAT WE WOULD HAVE TO REVERT TO DEPARTMENT BEFORE ANY DECISION TO TAKE UP SULEYMAN'S OFFER COULD BE MADE. THIS IS SITREP AT PRESENT.

5. USE OF HOUSES AND MOBILE HOME SUGGESTION APPRECIATED BUT IMPRACTICAL CONSIDERING VOLUME OF U.S. BUSINESSMEN PASSING THROUGH AREA, AND FACT THAT WE INTEND FULLY STAFF CENTER WITH TWO FSO'S PLUS SECRETARY AND FOUR FSL'S. WE ALSO HAVE RESERVATIONS ABOUT USE OF HOUSES SINCE COMMERCIAL LIBRARY AND READING ROOM ARRANGEMENTS WOULD NOT BE POSSIBLE UNLESS WALLS TORN OUT. THIS NOT FEASIBLE FOR SHORT TERM USE.

6. PLEASE ADVISE ASAP RE PRACTICABILITY OF SHEIKH KHALID SULEYMAN'S OFFER TO PURCHASE PART OF COMPOUND FROM SAG, CONSTRUCT UHI BUILDING AND RENT TO US.

7. IF WE ARE TO KEEP ABREAST OF COMPETITION, WE WILL REQUIRE FACILITIES ADEQUATE TO NEEDS. KOREANS HAVE RECENTLY OPENED GLAMOROUS COMMERCIAL CENTER AND OTHERS CONSIDERING SAME ACTION. WE ESTIMATE THAT U.S. EXPORTS TO SAG WILL TOP \$2 BILLION IN 1976. CCP AND TRADE MISSIONS AND SEMINARS PLANNED FOR NEXT TWO YEARS WILL BE DIFFICULT TO HANDLE WITHOUT EXPANDED FACILITIES.
PORTER

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